

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 EURE-00 EB-07 SSO-00 NSCE-00 USIE-00

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DODE-00 FEAE-00 FPC-01 H-02 INR-07 INT-05 L-03

NSAE-00 NSC-05 OMB-01 PM-04 SAM-01 OES-06 SP-02 SS-15

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TO SECSTATE WASHDC IMMEDIATE 2329

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C O N F I D E N T I A L EC BRUSSELS 11180

E.O. 11652: GDS

TAGS: EEC, EAID

SUBJECT: EC FOREIGN MINISTERS COUNCIL, NOVEMBER 15-16, 1976:

FIRST DAY DISCUSSION OF CIEC AND OIL PRICES

REF: (A) EC BRUSSELS 11127, (B) EC BRUSSELS 11070, (C) EC BRUSSELS 11
065

1. SUMMARY: DURING FIRST DAY DISCUSSIONS AT THEIR NOVEMBER
15-16 COUNCIL MEETING, THE EC FOREIGN MINISTERS WERE
UNABLE TO REACH ANY DECISIONS ON CIEC ISSUES OR OIL PRICES.
DISCUSSION OF THESE ISSUES IS EXPECTED TO CONTINUE DURING
THE NOVEMBER 16 COUNCIL SESSION. END SUMMARY.

2. POSSIBLE OIL PRICE INCREASE: PERMDEL OFFICIALS TELL US
THAT COMMISSION VICE PRESIDENT HAFERKAMP SUBMITTED AN
ANALYSIS TO THE COUNCIL CONCERNING THE WORLDWIDE IMPACT
OF A POSSIBLE OPEC OIL PRICE INCREASE. HAFERKAMP NOTED
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THAT AN INCREASE OF 10-20 PERCENT WOULD CAUSE A DETERIOR-
ATION IN THE EC'S BALANCE OF PAYMENTS ON CURRENT ACCOUNT AND

A SLOWDOWN IN GNP GROWTH. SEVERAL MINISTERS INDICATED THAT THERE SHOULD BE A LINK BETWEEN A CIEC DECISION T HBST THE LDCE AND THE AMOUNT OF OPEC PRICE INCREASE. NO AGREEMENT WAS REACHED ON THIS POINT; THE DISCUSSIONS ARE CONTINUING DURING TODAY'S ESSION (NOVEMBER 16).

3. CIEC PROPOSALS: COMMISSION AND PERMDEL OFFICIALS SAY THAT THE COUNCIL WILL ALSO CONTINUE ITS DISCUSSION OF THE COMMISSION'S CIEC PROPOSALS ON NOVEMBER 16. FRG FOREIGN MINISTER GENSCHER SAID THAT THE FRG WAS MAINTAINING ITS RESERVATION ON ANY MAJOR CIEC PROPOSAL UNTIL THE EUROPEAN COUNCIL MEETING NOVEMBER 29-30. THE FRG, HOWEVER, WAS PREPARED TO DISCUSS SPECIFIC PROPOSALS. PERMDEL SOURCES SAY THE COUNCIL EXPRESSED GENERAL AGREEMENT TO THE FRG PROPOSAL THAT THE EUROPEAN COUNCIL SHOULD DISCUSS A COMPREHENSIVE, INTEGRATED APPROACH TO NORTH/SOUTH ISSUES. (SEE REF B.) SEVERAL MINISTERS PRESSED TO GIVE THEIR CIEC DELEGATIONS FLEXIBILITY IN RESPONDING THE G-19 DEMANDS DURING THE NOVEMBER CIEC SESSION. THERE WAS NO AGREEMENT ON WHAT ITEMS THE EC MIGHT BE MORE FLEXIBLE. THE COUNCIL IS CONTINUING TO DISCUSS THIS ISSUE ON NOVEMBER 16. OUR SOURCES SAY A CONSENSUS IS EMERGING THAT SHOULD MEMBER STAT CIEC DELEGATIONS NEED FURTHER INSTRUCTION THEY WOULD SEEK INSTRUCTION FROM CAPITALS WITHOUT SEEKING COORDINATION THROUGH THE EC COUNCIL.

4. IN DISCUSSIONS WITH THE PRESS AT THE CONCLUSION OF THE NOVEMBER 15 SESSION, UK FOREIGN SECRETARY CROSLAND AND IRISH PRIME MINISTER FITZGERALD BOTH EXPRESSED HOPE THAT SOME AGREEMENT ON THE COMMISSION'S CIEC PROPOSALS MIGHT BE REACHED NOVEMBER 16. BOTH INDICATED THAT VARYING POSITIONS HAD EMERGED DURING THE MEETING CONCERNING A LINK BETWEEN G-8 CONCESSIONS IN CIEC AND OIL PRICES. THEIR STATMENTS IMPLIED THAT THE FRENCH AND THE GERMANS WERE MOST STRONGLY IN FAVOR OF SUCH A LINKAGE. HINTON

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